

## **Q&As – Ambitious target set for rural broadband**

### **What has the Government announced today?**

The Government has adopted a set of rural broadband connectivity targets that by 2025:

- 99 per cent of New Zealanders will have access to 50 Mbps peak speeds (up from 5 Mbps under RBI)
- The remaining 1 per cent will have access to 10 Mbps (up from dial up or non-existent speeds).

### **Why do we need broadband targets?**

It's important to have a vision for New Zealand's long-term connectivity. Demand and user expectations are driving change. The average household is consuming more data and using more devices. Given the demand for data and new broadband applications being created, standing still means New Zealand would be going backwards.

The targets send a critical signal to industry and consumers. They will provide guidance for industry investment, regulators, and the Government's broader policy settings. They also recognise the importance the Government attaches to connectivity as an enabler of economic growth and will also help us get the best value from the investments in rural broadband already announced.

### **Is the Government committing any new funding to achieving these targets?**

We've already committed more than \$2 billion to the roll out of better connectivity to New Zealand, including \$360 million in Budget 2015 to extend Ultra-Fast Broadband (UFB) and the Rural Broadband Initiative (RBI) and establish a Mobile Black Spot Fund.

These targets will influence the way the funding yet to be allocated from Budget 2015 is directed rather than a commitment by the Government to further investment other than that already signalled. These are aspirational targets in the same way many countries internationally have set out broadband targets.

### **How do these targets fit with international comparisons?**

Most developed countries, including the likes of the US and the UK, have established broadband speeds and coverage targets.

These targets for rural connectivity are more ambitious for those living in rural areas than the aspirations of countries such as the UK, United States, Australia and Canada.

### **What can you do with speeds of at least 50 Mbps?**

The opportunities of increased speeds are endless for consumers and businesses alike. Users can:

- Download approximately 95 songs in 1 minute or around 135,000 songs in 24 hours

- Use multiple devices at the same time without experiencing debilitating degradation
- Stream Ultra HD video straight to your computer or television – without buffering
- Sync in multiple users into video conferencing
- Transfer a 100MB data file in as little as 16 seconds
- Download a 10GB BluRay movie in less than 27 minutes
- Host multiplayer games with dozens of players

Video on demand services such as Netflix recommend 25 Mbps speeds per stream for playing movies and TV shows in Ultra HD online.

### **Why not make the targets higher?**

Installing fibre comes at a cost. The further out we got the less commercially viable it is for the private sector to invest in faster and quality broadband.

The target has been set at 50Mbps for 19 percent of the population outside the UFB footprint so that other technologies, other than fibre, remain an option.

### **Why is the target for the last 1 per cent only 10 Mbps?**

It should be recognised that moving to 10 Mbps from current options would be quite a step up for many consumers. In the most remote areas, technology options become more limited, and costs can rise exponentially, which is why the target is lower for those in the most remote areas. However this still will enable New Zealanders in those communities to access telemedicine, remote and distance education programming and HD TV programming (capabilities all requiring 10 Mbps speeds).

### **How will the Government encourage the private sector to meet the targets?**

An example is our requirements set during the recent sale of 700MHz spectrum which included obligations for mobile operators to meet a target of 90 per cent of the population having 4G mobile coverage by the end of 2019..

In other ways, the Government has a role to provide the right policy settings. The review of the Telecommunications Act just released is designed to support investment and competition in communications services.

### **Are these targets future-proof?**

The 2025 targets represent a significant increase on current connectivity in rural and remote New Zealand and a ten-fold increase on the speeds proposed in the original RBI programme six years ago. However given we are operating in an environment of constant change this is an area that we will continue to monitor as we approach that date.

### **How does this affect the Government's goal to reach 97.8 per cent of New Zealanders by 2019?**

Our 2025 target to reach 99 per cent at speeds of at least 50 Mbps is an increase on our 2008 goal to reach 97.8 per cent at 5 Mbps, so we are aiming to reach more New Zealanders as well as increasing the speeds they get. This will capture nearly 100,000 more end users than before.